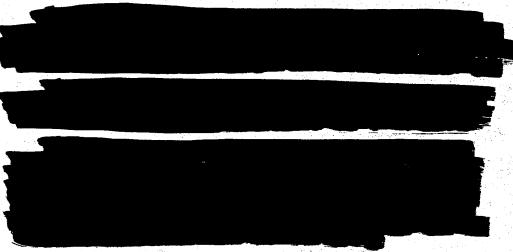
-Top-Secret

SITUATION REPORTS

POLAND



Domestic Situation

the aura of a "shared national feeling" arising from the anniversary celebrations in Gdansk and Gdynia appears to be assisting the present calm in Poland. It has not, however, brought about a sense of national purpose. Most observers give the Polish party little chance of successfully using the reprieve to seize the initiative and give new direction to the councry.

Relations remain strained among the various political elements in Poland. Jacek Kuron, a leading member of Poland's largest dissident group, has accused the Catholic Church of distorting his views and thereby adding to the current tension. The attack came in response to a priest's public assertion on Friday that Kuron "lacked common sense."

--continued

Approved for Re 22 December 1980

132



More Economic Problems

declines in production to cause a substantial decrease in hard currency exports.

shipments to the West of coal, steel, and copper are likely to fall to about half of their 1979 levels next year. Such reductions would cost Poland over \$1 billion in hard currency earnings at current prices.

Imports, furthermore, will almost certainly rise next year. It now appears that Poland's hard currency trade deficit could rise sharply next year--to about \$3 billion from the slightly less than \$2 billion deficit we believe will be recorded in 1980.

Top secret